

Message Text

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ACTION AF-07

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC 5232

INFO AMEMBASSY NOUAKCHOTT

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E.O. 11652: N/A

TAGS: EFIN, PFOR, MR, FR

SUBJECT: MIFERMA NATIONALIZATION AND BIAO

REF: A. NOUAKCHOTT 1972; B. STATE 274664

1. AS REQUESTED REF. A, EMBOFF HAS CONTACTED PAUL
OUZILLEAU OF MIFERMA. OUZILLEAU GAVE LENTHY EXPLANA-
TION OF SITUATION, PRINCIPAL POINTS OF WHICH WERE
AS FOLLOWS:

A. OFFICIALLY, MIFERMA HAS ASKED BUYERS TO MAKE
PAYMENTS FOR ACCOUNT OF SNIM. OUZILLEAU WOULD "GUESS"
HOWEVER, THAT SOME BUYERS MIGHT PREFER TO DEPOSIT FUNDS
IN A TRUSTEE ACCOUNT PENDING SETTLEMENT OF COMPENSATION
QUESTION, LEST THEIR PURCHASES BE SEQUESTERED BY COURTS.
HE SUPPOSED DECISION ON THIS QUESTION WOULD DEPEND ON
DEGREE TO WHICH BUYERS DEPEND ON CONTINUED SHIPMENTS
FROM MAURITANIA. HE NOTED THAT WHILE 75 PERCENT OF
MIFERMA PRODUCTION GOES TO STOCKHOLDER STEEL PRODUCERS
(BRITISH IRON AND STEEL, ITALY'S FINSIDER, FRANCE'S
USINOR, FRG'S THYSSEN), REMAINDER SOLD TO JAPANESE,
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BELGIANS, DUTCH, ETC. OUZILLEAU WOULD NOT COMMIT

HIMSELF FURTHER ON POLICIES OF STOCKHOLDER-BUYERS ON OUTSTANDING PAYMENTS.

B. ON NATIONALIZATION QUESTION IN GENERAL, OUZILLEAU TOOK SOMEWHAT PAINED BUT OTHERWISE RATHER "SOFT" LINE. DISAGREEMENT WAS NOT ON PRINCIPLE, BUT ON PROCEDURE. NATIONALIZATION ITSELF WAS HARDLY SHOCKING ("RIEN DE SCANDALEUX") HE SAID, ALTHOUGH MANNER OF DOING IT WAS "BRUTAL". HE SAID THERE IS NO ILL-WILL ON EITHER SIDE, AND NOTED THAT HE HAD SEEN PRESIDENT OULD DADDAH ON DECEMBER 3 AND CONFIRMED AUDIBERT TRIP FOR 21ST. THUS FAR, HOWEVER, GIRM HAS NOT BEEN VERY FORTHCOMING ON SCHEDULE FOR COMPENSATION DISCUSSIONS, WHICH PRESIDENT SUGGESTED COULD ONLY BEGIN IN SECOND QUARTER OF 1975. OUZILLEAU NOTED THAT MIFERMA INVESTMENT WAS SOME 80 BILLION CFA FRANCS AND THAT COMPANY HAD DUAL CONCERNS OF SEEING OPERATION CONTINUE AND SEEKING ADEQUATE COMPENSATION.

C. ON CURRENT SITUATION, OUZILLEAU NOTED COMPANY WAS URGING FRENCH PERSONNEL OF MIFERMA TO REMAIN, AND HAS PROPOSED TO CONTINUE COLLABORATION WITH SNIM IN ANY WAY IT DESIRED (INCLUDING MARKETING). HE NOTED THAT SNIM WOULD NOT EASILY BE ABLE TO REPLACE MIFERMA PERSONNEL AND TECHNICAL CAPACITIES: IN THIS RESPECT THE SITUATION WAS NOT THE SAME AS WITH THE SUEZ ISNAL, FOR EXAMPLE. FOR THE MOMENT, MIFERMA BOARD OF DIRECTORS HAD TAKEN FOLLOWING DECISIONS (DECEMBER 6):

1. TO RENEW REQUEST FOR PROMPT BEGINNING OF NEGOTIATIONS

2. TO CREATE A GROUPING (SYNDICAT) OF STOCKHOLDERS

3. TO CREATE NEW (PRESUMABLY FRENCH) COMPANY WHICH WOULD CONTINUE EXPLORATION AND MINERALOGICAL SERVICES.

THERE WOULD BE NO FORMAL DISCUSSIONS WITH STOCKHOLDERS LIMITED OFFICIAL USE

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AT PRESENT TIME.

3. COMMENT. TONE OF OUZILLEAU'S LENGTHY REMARKS WAS VERY CONCILIATORY THROUGHOUT. THIS WOULD SEEM TO INDICATE THAT MIFERMA, WHILE WORRIED, STILL HAS GREAT HOPES OF REACHING ADVANTAGEOUS AGREEMENT WITH GIRM WHICH WOULD PROBABLY GIVE IT RESPONSIBILITY FOR CONTINUED OPERATION OF MINES. IF THIS IS TRUE, GIRM WOULD APPEAR

TO HAVE GREATER LEVERAGE WITH STOCKHOLDER-BUYERS THAN
WITH BIAO.
STONE

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